

The impact and the state of implementation of the Late Payment Directive in the Member States

Public Hearing IMCO



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Late payment in Europe

- Varies from country to country, sector to sector but remains a problem everywhere
- Undermines EU objectives of growth, competitiveness and employment
- Obstacle to Single Market
- Role of SMEs and BO's: efficient credit and financial management
- Small enterprises tend to be owed more than they owe
- B2B is linked with B2P

- Competition
Directive has not achieved to prohibit abuse of freedom of contract of the creditor
- Situation remains bad for SMEs in relation with bigger companies also in countries with a “good” payment culture
- Supply chain remains a problem

B2B : solutions

Combination of legislative and non-legislative measures

- Need for clarification (guidance or legal) when contractual payment terms begin and end, lack of clarity “Grossly unfair”
- Statutory right of interest: should become obligation
- Strengthening B2B delays: maximum 30 days
- Exchange of good practices: transparency on payment terms, name and shame, codes of good practices
- Role of business organisation: credit and financial management

- Europe's economic recovery plan: December 2008;
COM(2008) 800
“Ensure that public authorities **pay invoices**, including to SMEs, for supplies and services **within one month** to ease liquidity constraints “
- Abuse of the verification period
- Unacceptable that public authorities pay their SMEs late
- Review should back a 30 day limit with a strict upper threshold of 60 days in some limited duly justified cases;
- **Obligation** to charge Interest rates
- In addition: **compensation measures**: taxes, VAT,...